

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 PM-03

NSC-05 SP-02 SS-15 L-03 AF-06 ARA-06 EUR-12 NEA-10

PA-01 PRS-01 USIA-06 /097 W

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R 070156Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5127

LIMITED OFFICIAL USE MANILA 7516

E.O. 11652: N/A

TAGS: EWWT, RP

SUBJECT: SHIPPING; PHILIPPINE DISCRIMINATORY MEASURES

PRESIDENTIAL DECREE 667

FOLLOWING TEL SENT INFO TO ATHENS, BONN, BRUSSELS, CANBERRA, COPENHAGEN, THE HAGUE, LONDON, MONROVIA, OSLO, PARIS, PANAMA, ROME, TOKYO, STOCKHOLM, HELSINKI, USMISSION EC BRUSSELS, AND OECD PARIS ON JUNE 2, 1975 BEING SENT TO SECSTATE FOR ACTION.

REF: STATE 125872; B. MANILA 6051; C. STATE 103431

1. WE HAVE HAD ONE MEETING AND SEVERAL INDIVIDUAL DISCUSSIONS WITH LOCAL REPRESENTATIVES AND AGENTS OF U.S. SHIPPING LINES WHO HAVE REPORTED THAT PD 667 IS INFLUENCING SOME SWITCHING OF CARGOES FROM U.S. AND OTHER BOTTOMS TO PHILIPPINE SHIPS. INTERESTINGLY, ALL REPS AGREE THAT THERE HAS BEEN NO CHANGE AS FAR AS OUT-BOUND CARGO FROM THE PHILIPPINES IS CONCERNED. THIS MAY BE ATTRIBUTABLE TO FACT THAT CONSIGNEE PAYS FREIGHT AND HE IS PRESUMABLY U.S. TAXPAYER WHO PREFERS TRADITIONAL, EXPERIENCED LINES.

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2. TWO REPS OF U.S. SHIPPING LINES STATED THAT THEY HAVE LOST CARGO (MAINLY COTTON) WHICH THEY WOULD HAVE SHIPPED FROM THE UNITED STATES. OTHER AGENTS AGREE THAT PHILIPPINE VESSELS LEAVING THE UNITED STATES ARE DOING SO WITH FULL CARGOES. SINCE CONSIGNEE IS LIKELY A PHILIPPINE TAXPAYER AND ALSO PAYS FREIGHT, PD 667 MAY BE PLAYING A ROLE IN THE SWITCH. ONE AGENT, ALSO REPRESENTING EUROPEAN LINES, REPORTS SIMILAR SWITCHING WITH INBOUND CARGOES FROM EUROPE.

3. SWITCHING APPEARS TO BE ON A SMALL SCALE AT THE MOMENT, BUT THE LOCAL REPS AND AGENTS ARE CONCERNED THAT SKIPPERS WILL LIKELY TURN INCREASINGLY TO PHILIPPINE BOTTOMS UNLESS PD 667 IS NULLIFIED OR ITS NON-IMPLEMENTATION IS PUBLICIZED.

4. THAT GOP HAS NOT PUBLICLY INDICATED THAT IT WILL NOT IMPLEMENT THE DECREE, AND WE DO NOT SEE IT WILLINGLY MAKING SUCH AN ANNOUNCEMENT. WE BELIEVE THE GOP WILL CONTINUE TO DRAG ITS HEELS ON THE MATTER, AND WILL MAKE NO DECISION REGARDING THE TAX DEDUCTIONS UNTIL IT HAS TO DO SO WHEN SHIPPERS BEGIN TO FILE THEIR TAX RETURNS. IT MAY INTEND TO OUTWAIT THE USG AND OTHER GOVERNMENTS WHICH HAVE SOUGHT RECONSIDERATION OF PD 667; THE GOP APPARENTLY DOES NOT BELIEVE THAT ANY GOVERNMENT, INCLUDING THE USG, WILL TAKE COUNTER-MEASURES.

5. IN VIEW OF AB9VE CONSIDERATIONS, WE BELIEVE A WAY TO PRECIPITATE USEFUL ACTION MAY BE TO HAVE FMC PROCEED WITH PUBLIC ANNOUNCEMENT OF THE PROPOSED SECTION 19 ACTION, AND HAVE IT PUBLICIZED IN WASHINGTON. WE WOULD ALSO MAKE IT AVAILABLE HERE. WHEN THE EMBASSY IS ASKED TO COMMENT, WE WILL SIMPLY STATE THAT THE EMBASSY HAS RECOMMENDED THAT THE SECTION 19 ACTION BE POSTPONED SINCE THE GOP HAS GIVEN ORAL ASSURANCES THAT PD 667 IS NOT BEING IMPLEMENTED, BUT THAT WE ARE EXPECTING A FORMAL REPLY.

6. APPRECIATE DEPARTMENT'S THOUGHTS ON THE FOREGOING PROPOSAL.
PURNELL

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, POLICIES, MARITIME LAW, SHIP REGISTRY, TAX RELIEF
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JUL 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA07516
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750233-0405
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750781/aaaaculm.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 125872, 75 MANILA 6051, 75 STATE 103431
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by SmithRJ>; APPROVED <22 SEP 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SHIPPING; PHILIPPINE DISCRIMINATORY MEASURES PRESIDENTIAL DECREE 667
TAGS: EWWT, RP, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006